

PURCHASE ORDER TERMS AND CONDITIONS

1. **THE CONTRACT:** The documents ("Contract Documents") that form the contract (the "Contract") between Buyer and Seller are the Buyer's purchase order (the "PO") issued to Seller, all documents referenced in the PO (including without limitation drawings, specifications, instructions, quality assurance requirements and any other referenced documents), all drawings, specifications and other documents referenced in the Buyer's request for quotation issued to Seller for the Contract (unless and to the extent such documents are excluded from the Contract by express provisions in, and not by mere omission from, the PO), supplements to the PO issued to Seller by Buyer, these Terms and Conditions, and all documents referenced in any Contract Documents. What is required in any one Contract Document shall be deemed required by all Contract Documents and the Contract. Where there is any conflict or inconsistency between the provisions in one or more of the Contract Documents, the provision entitled ORDER OF PRECEDENCE shall be controlling and shall govern the Seller's performance obligations, unless otherwise agreed in a writing signed by the representative (or his/her successor) of Buyer who signed the PO.
2. **ACCEPTANCE:** The acceptance by Seller that forms the Contract shall be deemed conclusively to have occurred upon Seller's acknowledgement of the PO, shipment of any goods, performance of any services, or commencement of any work on supplies or goods covered by the Contract. Any acceptance by Seller on purported terms and conditions that differ in any way from the provisions of the Contract shall be effective to form and bind Seller to the Contract, but such terms and conditions shall not become part of, or in any way alter, amend or otherwise modify any of the provisions of, the Contract. Any shipment of goods, performance of services, or commencement of work on supplies by Seller shall be deemed to be only upon the terms and conditions contained in the Contract, except to the extent that Buyer may otherwise expressly consent in a writing signed by the representative (or his/her successor) of Buyer who signed the PO. Seller agrees that Buyer's acceptance or payment for any shipment of goods or similar act of Buyer shall not be claimed or construed to constitute such consent. The seller also certifies that the material being sold to GDLS is not now and has never been Government Surplus Material, unless the seller receives consent in writing from the buyer.
3. **DELIVERY:** (a) Seller shall strictly adhere to the shipment or delivery schedules specified in this contract and delivery shall be made by Seller at such times and places and of such items and quantities as may from time to time be specified by Buyer.
(b) In the event of any anticipated or actual delay, Seller shall:
 - (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay;
 - (ii) provide Buyer with a written recovery schedule; and
 - (iii) if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible, unless Seller is excused from prompt performance as provided in the "Excusable Delays" clause of this contract. Seller will pay the difference between the method of shipping specified and the actual expedited rate incurred.

The notification in (i) above shall be informational only in character and shall not be construed as a waiver by Buyer of any delivery schedule or date or of any rights or remedies of Buyer provided by law or the Contract.

(c) Seller shall be responsible for any additional charges resulting from deviation from Buyer's routing instructions (see clause PACKAGING AND SHIPPING below).

(d) If Seller fails to make delivery promptly and regularly, as required under the Contract, Buyer may, in addition to other remedies available at law, terminate the Contract by giving notice to Seller. Title and risk of loss shall remain in Seller until goods are delivered to the F.O.B. point specified in the Contract. Notwithstanding such delivery, Seller shall bear risk of loss or damage

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to goods purchased hereunder from the time that Buyer gives notice of rejection of goods pursuant to the inspection provisions of this Contract.

(e) Parts fabricated in excess or in advance of Buyer's release are at Seller's risk. Buyer reserves the right, without loss of discount privileges, to pay invoices covering items shipped in advance of the schedule on the normal maturity after the date specified for delivery.

4. **PACKAGING AND SHIPPING:** (a). Packaging and packing of items to be delivered by Seller under the Contract shall insure safe arrival at their destination, secure lowest transportation cost, conform with requirements of common carriers and, in any event, comply with Buyer's minimum specifications set forth on specification GDLS-PIR-01 (Attach F) [GDLS-PIR-01 (Attach F) can be found at the website www.gdls.com] (or the successor specification current at the time of delivery), and Government Packaging Instructions ASTM-D3951 (1998) (or the successor instructions current at the date of the Contract). (b) Unless this contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:
- (i) For complete freight routing instructions go to the General Dynamics Robotic Systems website at www.gdrs.com . Click on Procurement, then click on transportation routing instructions / routing guide.
 - (ii) Shipments by Seller or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and non hazardous materials must have separate packing sheets for the hazardous and nonhazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the Goods. Items shipped on the same day will be consolidated on one bill of lading or airbill unless Buyer's Authorized Procurement Representative authorizes otherwise. The shipping documents will describe the goods according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment.
 - (iii) For material shipped F.O.B. origin, the Seller shall not insure and not declare a value except when transportation rates are based on "released value", in which instance the Seller shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
 - (iv) Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g. box 1 of 2, box 2 of 2)
5. **INSPECTION:** Buyer (and if a Government contract number appears on the PO, the Government) shall have the right to inspect the goods supplied hereunder at any time during the manufacture or fabrication thereof at Seller's facilities or elsewhere. Such inspection may include, without limitation, raw materials, components, work in process, and completed products as well as drawings, specifications, and released data. Final inspection and acceptance shall be after delivery to the delivery point designated by Buyer. If any inspection or test is made by Buyer at Seller's facility or elsewhere, Seller shall provide reasonable facilities and assistance for the inspection personnel. Buyer may reject all goods supplied hereunder which are found to be defective. Goods so rejected may be returned to Seller at Seller's expense. No inspection, examination or test, regardless of extensiveness or type, and no approval given in connection with any such inspection, examination or test, whether by Buyer or the Government and whether under the Contract or another contract for the same or similar goods, shall relieve Seller, or be claimed by Seller to relieve it, of any obligation to comply fully with all requirements of the Contract, including the obligation to produce goods that conform to all requirements of the drawings, specifications and other Contract Documents. At Buyer's request, Seller shall repair or replace defective goods at Seller's expense. Failure to inspect goods, failure to discover defects in goods or payment for goods shall not constitute acceptance or limit any of Buyer's rights, including without limitation those under the WARRANTY provisions of the Contract. In the event

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inspection reveals a defect or defects and schedule urgency requires that the defect or defects be corrected by Buyer to support production, all cost of such correction, including without limitation installation and removal, will be charged to Seller; such charges will also include time and material and appropriate indirect and overhead expenses. Seller shall maintain an inspection system acceptable to Buyer covering the goods furnished hereunder. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller will keep records evidencing inspections and their results and will make these records available to Buyer and the Government, where applicable, during contract performance and for three years after final payment.

6. **SELLER NOTICE OF DISCREPANCIES:** Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or goods are discovered or suspected regarding Goods delivered or to be delivered under this contract.
7. **OVERSHIPMENT:** Goods shall not be supplied in excess of quantities and shipping tolerances, if any, specified in the Contract. Seller shall be liable for handling charges and return shipment costs for any excess quantities, and unless Seller agrees to pay for such costs, the overshipped material will be retained by Buyer at no cost.
8. **PRICES:** a. Unless otherwise specified, prices are F.O.B. the place shown on the face of the PO and are exclusive of state sales and use taxes (see 6.b. TAXES below). No charge will be allowed for packing, crating, drayage, or storage. Seller warrants that prices charged for the goods are not higher than those charged to any other customer, including the Government, for goods of like grade and quality in similar or lesser quantities.

b. **TAXES:** Buyer assumes liability for payment of state and local sales and use taxes for goods delivered in the states of Michigan, Ohio, Pennsylvania, Alabama, Florida, California, and Virginia, and no such taxes shall be included in your quotation. Michigan Direct Payment Permit Number: 54-0582680, Ohio Direct Payment Permit Number: 98-002244, Pennsylvania Direct Payment Permit Number: 00174. Alabama Direct Payment Permit Number: 725, Florida Annual Resale Certificate Number: 47-04-028201-66, Virginia Direct Payment Permit Number: 9980001331, California Blanket Resale Certificate Number: SR OHA 97097568. Except for the foregoing, the contract price includes all other applicable taxes and no price adjustments may be claimed therefore.

9. **PAYMENT:**
 - a. a. Seller shall be paid upon submission of properly prepared invoices in accordance with Buyer's invoicing instructions for services, materials and/or supplies delivered to and accepted by Buyer. Each invoice shall include Buyer's contract number. Any adjustments in Seller's invoice due to shortages, rejection or other failure to comply with the provisions of this Contract, or under any other order or contract between Buyer and Seller, may be made by Buyer before payment. Discount periods shall commence ten (10) days after the latest of scheduled delivery, actual delivery, or receipt of invoice. No charges will be honored unless specified on the face of the PO. Invoices must be accompanied by transportation receipt, if transportation is payable as a separate item. Payment shall be deemed to have been made on the date Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller.
 - b. Payment for "Special Tooling or Special Test Equipment" assumes that parts made there from will be acceptable dimensionally and functionally, and Buyer reserves the right to withhold payment therefore until samples from such "ST/STE" are fully approved. All parts made from such "ST/STE" are subject to, and covered by, the inspection provisions of paragraph 4 and WARRANTY provisions of paragraph 10. of this Contract Document.

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- c. Under Cost Reimbursement Type Contracts, the following also applies: Except as provided in this clause, payment will be made for allowable incurred costs in accordance with the following clauses of the Federal Acquisition Regulations (FAR), which are incorporated by reference. In each of the following clauses, "Contractor" means Seller, "Contracting Officer" and "Government" mean Buyer and "Disputes Clause" means the Disputes Clause of this contract. Except that the terms "Contracting Officer" and "Government" shall retain their original meanings with respect to any clause that permits the Contracting Officer or Government to review, inspect or audit the books and records of Seller.
 - i. FAR 52.216-7 Allowable Cost and Payment
 - ii. FAR 52.216-8 Fixed Fee, if this is a Cost-Plus-Fixed Fee contract
 - iii. FAR 52.216-10 Incentive Fee, if this is a Cost-Plus-Incentive Fee contract, with Paragraph (e) of this clause being set forth elsewhere in this contract.
 - iv. FAR 52.232-20 Limitation of Cost (Applicable if this contract is fully funded.) "Schedule means this contract, "Contractor" means Seller and "Government" and "Contracting Officer" mean Buyer. The word "exclusive" in the first sentence of paragraph (a) is revised to "inclusive" and paragraph (d)(1) is revised to read: "(1) Buyer is not obliged to reimburse Seller for costs incurred and fee in excess of (i) the estimated cost and fee specified in the contract or, (ii) if this is a cost-sharing contract, the estimated cost to Buyer specified in the Contract."
 - v. FAR 52.232-22 Limitation of Funds (If Contract is incrementally funded) (Applicable if this contract is incrementally funded.) "Schedule means this contract, "Contractor" means Seller and "Government" and "Contracting Officer" mean Buyer. The word "exclusive" in the first sentence of paragraph (a) is revised to "inclusive" and paragraph (f)(1) is revised to read: "(1) Buyer is not obliged to reimburse Seller for costs incurred and fee in excess of the total amount allotted by Buyer to this Contract, and"
10. **WARRANTY:** Seller warrants that goods ordered to specifications will conform thereto and to any drawings, samples, or other description furnished or adopted by Buyer, and will be fit and sufficient for the purpose intended; and that all goods are merchantable, of good material and workmanship, and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the goods and shall run to Buyer, its successors, assigns, customers at any tier, and ultimate user and joint users. Notices of any defects or nonconformity shall be given by the Buyer to the Seller within fifteen (15) months after acceptance by ultimate user. The rights and remedies of the Buyer concerning latent defects shall exist indefinitely, and shall not be affected in anyway by any terms and conditions of this Contract, including this clause. Buyer may, at its option, and in addition to other remedies available at law, either (i) return for credit, (ii) require prompt correction or replacement of the defective or nonconforming goods, or (iii) have the defective items corrected or replaced at Seller's expense and deduct the cost thereof from any monies due Seller. The return to Seller of any defective or nonconforming goods and delivery to Buyer of any corrected or replaced goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to the provision of this paragraph and the paragraph of this Contract Document entitled "inspection" in the same manner and to the same extent as goods originally delivered under this Contract. In addition to correcting or replacing any defective or nonconforming goods, Seller shall also reimburse Buyer for all costs and expenses incurred by Buyer in connection with inspection and discovery of the defects, identifying and correcting the cause of such defects and all other

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activities reasonably undertaken by Buyer to obtain conforming goods or attempting to obtain from the ultimate user a waiver to permit the defective goods to be used with all or part of the defective conditions.

11. **BUYER'S ASSISTANCE AND COOPERATION:** During Seller's performance of this Contract, Buyer may, but has no obligation to, provide assistance to, or cooperate with, Seller in activities that facilitate the proper performance and completion of this Contract by Seller. Such assistance and cooperation may include without limitation: (i) providing engineering or other analysis or advice on correcting manufacturing deficiencies or other problems; (ii) acquiescing in a change of manufacturing facilities or location; (iii) refraining from strict enforcement of time schedule requirements under the Contract; (iv) permitting use of test materials or documentation not performed or produced under this Contract. Such assistance or cooperation by Buyer shall not be construed, and Seller agrees that it will not claim that any such assistance or cooperation operates, to relieve Seller from complete, proper and punctual performance of all of Seller's obligations under this Contract.
12. **BUYER FURNISHED PROPERTY:** Buyer may from time to time furnish property to Seller for performance of this Contract. Any equitable adjustment of this Contract occasioned thereby shall be made pursuant to the clause hereunder entitled "Changes." Unless otherwise provided in this Contract or agreed to in writing, property of every description including all tools, equipment, and material furnished or made available to Seller, title to which is in Buyer, and any replacement thereof shall be and remain the property of Buyer, and Seller shall indemnify and save harmless Buyer from all liens and claims upon said property arising from any cause. Property other than material shall not be modified without the written consent of the Buyer. Such property shall be plainly marked or otherwise adequately identified by Seller as property of Buyer (by name) and shall be safely stored separately and apart from Seller's property. Seller shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. Such property while in Seller's possession or control shall be kept in good condition, shall be held at Seller's risk, and shall be kept insured by Seller, at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not material consumed in the performance of this Contract, it shall be subject to inspection and removal by Buyer, and Buyer shall have the right of entry for such purposes without any additional liability whatsoever to Seller. As and when directed by Buyer, Seller shall disclose the location of such property and/or prepare it for shipment and ship F.O.B. its plant to Buyer (or a Buyer designated location) in as good condition as originally received by Seller, reasonable wear and tear excepted. Buyer may at any time reimburse Seller for the cost of part or all special tooling and special test equipment paid for by Seller and, upon payment therefore, Buyer shall become the owner, entitled to possession at the completion of this Contract or at such earlier date as the parties may agree.

The offal (scrap) from Buyer furnished property shall be segregated from Seller's material and placed in a separate area or in a container from a Buyer approved source. Before removal of this container, when full, the Seller shall request directions from the By-Products Department of Buyer. The Seller will prepare shipping documents denoting date, contents, weight, and recipient of the offal material. These shipping documents shall be sent directly to the Buyer's By-Products Department and a copy shall be retained for Seller's records.

At no time will the offal material be removed from Seller's premise without prior approval from the Buyer's By-Products Department.

13. **SPECIAL TOOLING/SPECIAL TEST EQUIPMENT:**
 - a. "Special Tooling" (ST) means jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacements of these items that are of such a specialized nature that without substantial modification or alteration their use is limited

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to the development or production of particular supplies or parts thereof or performing particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items. Special tooling, for the purpose of these terms and conditions, does not include any item acquired by Seller before the effective date of this contract, or replacement of such items, whether or not altered or adapted for use in performing this contract, or items specifically excluded elsewhere in this contract.

- b. "Special Test Equipment," (STE) as used in this clause, means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment, including standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.
- c. Title to Special Tools/Special Test Equipment (ST/STE) acquired by Seller under this contract will vest in Buyer or the Government, as applicable, upon payment by Buyer. Seller will maintain such ST/STE in serviceable condition and will preserve and administer it for the exclusive use of Buyer, except that Seller may use such ST/STE on a rent-free, noninterference basis in the performance of Government contracts with Buyer's prior written consent. If the STE is attached to or made part of any other equipment or facility, Seller will be responsible for its removal and delivery in serviceable condition to Buyer upon written notification from Buyer.
- d. Any ST/STE required and authorized under this order, may have all the ST/STE costs and hardware segregated into a separate "Tooling Order". The Tooling Order will include requirements such as: a GDLS tool number; a picture or drawing of each tool; and evidence that the tool successfully worked for the part or process that the special tool was needed prior to payment.

14. **CHANGES:** a. Buyer may at any time, by a written notice, and without notice to sureties or assignees, make changes within the general scope of this Contract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of Buyer-furnished property; and , if this contract includes services, (vi) description of services to be performed; (vii) time of performance (e.g. hours of the day, days of the week, etc.); (viii) place of performance, and (ix) terms and conditions of this contract required to meet Buyer's obligations under Government prime contracts or subcontracts. Seller shall comply immediately with such direction.

b. If such change increases or decreases the cost or time required to perform this contract, the parties shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this contract in writing accordingly. Unless otherwise in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within 20 days and deliver a fully supported proposal to Buyer's Authorized Procurement Representative within 60 days after Seller's receipt of such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer shall have the right to prescribe the manner of disposition of such property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. If under a Government contract, any information necessary to evaluate and negotiate Seller's proposal that is not provided to Buyer shall be provided to the appropriate US Government Agency for assist audit purposes. Failure of the parties to agree upon any adjustment shall not excuse Seller from

performing in accordance with Buyer's direction. The amount of any price increase from a change shall be based on the actual reasonable cost to perform the change. The amount of any price decrease from a change shall be based on the reduction in the Seller's cost that reasonably should have occurred as a result of the change. Seller shall maintain complete and accurate accounting records properly documenting the foregoing cost, and such records shall be produced for examination and copying by Buyer within ten (10) days of a request by Buyer. Failure to agree to any adjustment shall be a dispute within the meaning of the "Disputes" paragraph of this Contract Document. However, nothing in this paragraph shall excuse the Seller from proceeding with the Contract as changed. Any action taken by Seller which affects any provision of this Contract, including delivery and price, whether or not accomplished with the concurrence of Buyer's employees, shall not entitle Seller to an equitable adjustment in accordance with this paragraph, unless such action has been specifically directed by written notice issued by Buyer.

c. If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.

d. This clause d. applies if this is a Cost Reimbursement Order. Notwithstanding the foregoing provisions of this clause, the estimated or target cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance thereof shall not be increased or deemed to be increased except by specific written modification of this contract indicating the new contract estimated cost and the new amount allotted to this contract. Until such modification is made, Seller shall not be obligated to continue performance or incur cost beyond the point established in the "Limitation of Cost" and "Limitation of Funds" clauses of this contract.

15. **STOP WORK ORDER:** Buyer may at any time, by written notice to Seller, require Seller to stop all or any part of the work called for by this Contract for a period of up to ninety (90) days after the notice is delivered to Seller ("Stop Work Order"). Upon receipt of the Stop Work Order, Seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Seller, or within any extension of that period to which the parties shall have agreed, Buyer shall either cancel the Stop Work Order, or terminate the work covered by this Contract as provided in the "Termination for Default" or the "Termination for Convenience" paragraphs of this Contract Document, whichever may be appropriate. Seller shall resume work upon cancellation or expiration of any Stop Work Order. An equitable adjustment shall be made in the delivery schedule or price hereunder, or both, and this Contract shall be modified in writing accordingly, if the Stop Work Order results in an increase in the time required for the performance of this order or in Seller's costs properly allocable thereto. The amount of any adjustment in the Contract price shall be determined as provided in the "Changes" paragraph of this Contract Document.
16. **EXCUSABLE DELAYS:** FAR 52.249-14, "Excusable Delays", is incorporated by reference. "Contractor" means Seller, "Government" and "Contracting Officer" mean Buyer and "Subcontractor, shall mean "Seller's Subcontractor".
17. **NOTICE TO BUYER OF LABOR DISPUTES:** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all relevant information, to Buyer.
18. **CONTRACT CANCELLATION:** By written notice, Buyer may cancel the whole or any part of this contract in the event of Seller's default of any or all of the requirements of this contract or in the

event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business or any assignment, reorganization or arrangement by Seller for the benefit of creditors.

19. TERMINATION FOR DEFAULT:

(a) Buyer may, subject to the provisions of subparagraph (c) below, by written notice of default to Seller, terminate the whole or any part of this Contract in any one of the following circumstances: (i) if Seller fails to make delivery of the goods or to perform this Contract within the time specified herein or any extension thereof; or (ii) if Seller fails to perform any of the other provisions of this Contract, or so fails to make progress as to endanger performance of this Contract in accordance with its terms, and does not cure such failure within a period of ten (10) days or longer period (as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure.

(b) In the event Buyer terminates this Contract in whole or in part as provided in subparagraph (a) above, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those so terminated, and Seller shall be liable to Buyer for any excess costs for the same, including without limitation all costs and expenses of the type specified in the "WARRANTY" paragraph of this Contract Document; provided, that Seller shall continue the performance of this Contract to the extent not terminated hereunder.

(c) Except with respect to defaults of subcontractors, Seller shall not be liable for any excess costs if the failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of Seller. Such causes are outline in the EXCUSABLE DELAYS paragraph of this Contract Document. In every case the failure to perform must be beyond the control and without the fault or negligence of Seller.

If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule. The term(s) "subcontractor(s)" shall mean subcontractor(s) at any tier.

(d) If this Contract is terminated as provided in subparagraph (a) above, Buyer, in addition to any other rights provided in this Contract, may require Seller to transfer title and deliver to Buyer or the Government, in the manner and to the extent directed by Buyer, (i) any completed goods, and (ii) such partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") as Seller has specifically produced or specifically acquired for the performance of such part of this Contract as has been terminated; and Seller shall, upon direction of Buyer, protect and preserve property in the possession of Seller in which Buyer or the Government has an interest. Payment for completed goods delivered to and accepted by Buyer shall be at the Contract price. Payment for manufacturing materials delivered to and accepted by Buyer and for the protection and preservation of property shall be in an amount agreed upon by Buyer and Seller; failure to agree to such amount shall be a dispute concerning a question of fact within the meaning of the paragraph of this order entitled "Disputes." Buyer may withhold from amounts otherwise due Seller for such completed supplies or manufacturing materials such sum as Buyer determines to be necessary to protect Buyer or the Government against loss because of outstanding liens or claims of former lien holders or for damages otherwise caused by Seller's failure to perform its obligations under the Contract.

(e) If, after notice of termination of this Contract under the provisions of this paragraph, it is determined for any reason that Seller was not in default under the provisions above, or that the default was excusable under the EXCUSABLE DELAYS paragraph of this Contract Document,

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the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the "Termination for Convenience" paragraph of this Contract Document.

(f) The rights and remedies of Buyer provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

(g) If a Government contract number is cited on the face of the PO, a termination for default shall be accomplished in accordance with the appropriate contract type termination clause under FAR 52.249, as in effect on the date of this Contract, which shall be controlling over any conflicting provisions hereof.

20. **TERMINATION FOR CONVENIENCE:** Buyer may at any time by written notice terminate all or any part of this Contract for Buyer's convenience. If this Contract is terminated, in whole or in part, for Buyer's convenience, Seller shall be paid an amount, to be mutually agreed upon, which shall be adequate to cover the actual reasonable cost paid by Seller for the actual labor and material reasonably used by Seller to perform the work under this Contract to the effective date of termination, plus a reasonable profit thereon; provided that no amount shall be paid to Seller for (i) any anticipatory profits related to work under this Contract not yet performed, or (ii) costs incurred due to Seller's failure to terminate work as ordered on the effective date of termination. In no event shall the total amount paid under the provisions of this paragraph exceed the prices set forth in this Contract for the work terminated. If a Government contract number is cited on the face of the PO, a termination for Buyer's convenience shall be accomplished in accordance with the appropriate contract type termination clause under FAR 52.249, as in effect on the date of this Contract, which shall be controlling over any conflicting provisions hereof.
21. **DATA:** All drawings and specifications, furnished or paid for by Buyer shall be the property of Buyer, shall be subject to removal at any time without additional cost upon demand by Buyer, shall be used only in filling orders from Buyer, and shall be kept separate from other drawings and specifications, and identified as the property of Buyer. The information contained in reports, drawings, documents or other records which are furnished to Seller by Buyer relative to this Contract, to the extent that such information is not in the public domain, shall not be disclosed to others, except to subcontractors as necessary for completion of this Contract, in which event the subcontractor shall have the same obligation of nondisclosure. Upon completion, termination, or cancellation of this Contract, Seller shall return all drawings and specifications to Buyer, in the event Buyer requests return of any such items, within thirty (30) days after the effective date of completion, termination, or cancellation. Any such data of Buyer retained by Seller shall remain subject to the foregoing restrictions on use, reproduction and disclosure. Upon termination of this Contract, either for default or convenience, Buyer may, at Buyer's option, use, on a non-exclusive basis, all drawings, documents or other records related to this Contract whether created by Buyer or Seller without further compensation to Seller. Seller may not disclose the existence of this Contract or the items to be supplied hereunder without Buyer's written consent, except to subcontractors who shall have the same responsibility.
22. **U.S. EXPORT CONTROL LAWS (ITAR AND/OR EAR COMPLIANCE):** Technical data, as defined in 22 CFR 120.10 and the Export Administration Regulation 799.1 Supplement 3, which may be acquired or generated under this Purchase Order, is subject to either the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations, and may require appropriate authorization from the Department of State, Directorate of Defense Trade Controls or Department of Commerce, Bureau of Industry and Security (BIS) to a foreign person. Therefore, Seller understands that, if it is a foreign entity, it shall not re-export or, if it is a U.S. entity, it shall not disclose to any foreign person, any technical data acquired under this Purchase Order until after notifying Buyer and written authorization from the appropriate U.S. Government agency is obtained.

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Seller hereby agrees to (22CFR 124.13):

1. Limits the use of the technical data to the manufacture of the defense articles required by the contractor or purchase order only; and
 2. Prohibit the disclosure of the technical data to any other person except subcontractors within seller's country; and
 3. Prohibit the acquisition of any rights in the technical data by any foreign person; and
 4. Assure that any subcontracts issued by the seller to subcontractors within seller's country, in order to facilitate seller's execution of this purchase order, to include all six (6) limitations contained in this clause; and
 5. Assure the foreign person, including subcontractors destroy or return to Buyer all of the technical data exported by Buyer pursuant to execution of the purchase order and upon fulfillment or its terms; and
 6. Assure delivery of the defense articles manufactured by seller under the terms of the purchase order only to the buyer in the U.S. or to an agency of the U.S. Government.
23. **PATENTS AND COPYRIGHTS:** Seller agrees to defend, indemnify, and hold harmless Buyer, its customers and agents, against any liability, including without limitation costs, expenses and attorney's fees, for or by reason of any actual or alleged infringement of any patent or copyright arising out of the manufacture, use, sale, delivery or disposal of goods furnished under this Contract and not attributable to Seller's compliance with Buyer's specific written instructions. The provisions of this paragraph shall apply to each notice or claim of patent or copyright infringement relating to the performance of this Contract of which Seller has knowledge, regardless of whether or not Buyer has given Seller notice of such claim.
24. **WORK ON BUYER'S DESIGNATED PREMISES:** In the event that Seller, Seller's employees or agents or Seller's subcontractors enter Buyer's designated premises for any reason in connection with this Contract, Seller and such other parties shall observe all military security requirements and all plant safety, plant protection, and traffic regulations. Seller shall defend, indemnify, and hold Buyer harmless from all claims, actions, demands, loss, and causes of action, arising from injury, including death, to any person, or damage to any property, when such injury or damage results in whole or in part from the acts or omissions of Seller, Seller's employees or agents, save and except damage caused by the sole negligence of Buyer. Seller, and any subcontractor used by Seller in connection with this Contract, shall carry Workmen's Compensation and Employees' Liability Insurance to cover Seller's and subcontractor's legal liability on account of accidents to their employees. Seller and the subcontractor shall carry adequate Comprehensive General Liability and adequate Comprehensive Automobile Liability Insurance covering accidents to their employees. Seller and the subcontractor shall carry adequate Comprehensive General Liability and adequate Comprehensive Automobile Liability Insurance covering legal liability of Seller and the subcontractor on account of accidents arising out of the operations of Seller or the subcontractor and resulting in bodily injury, including death, being sustained by any person or persons, or in any damage to property. At Buyer's request, Seller shall furnish to Buyer certificates from Seller's insurers showing such coverage in effect and agreeing to give Buyer ten (10) days' prior written notice of cancellation of the coverage.
25. **ASSIGNMENT AND SUBCONTRACTING:** Seller shall not assign this Contract or any portion of this Contract, nor shall Seller subcontract for completed or substantially completed goods or services purchased hereunder without the prior express written consent of Buyer. No assignment or subcontract by Seller, including any assignment or subcontract to which Buyer consents, shall in any way relieve Seller from complete and punctual performance of this Contract, including without limitation all of Seller's obligations under the WARRANTY provisions of this Contract.
26. **NOTICES:** All notices required or permitted to be given hereunder shall be deemed to be properly given if delivered in writing personally or sent by United States certified or registered mail addressed to Seller or Buyer, as the case may be, at the addresses set forth on the face of the

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PO, with postage thereon fully prepaid. The effective time of notice shall be at the time of mailing.

27. **WAIVER:** No waiver by Buyer of any breach of this Contract or the granting of an extension for performance hereunder shall be deemed to be a waiver of any other or subsequent breach. Seller agrees that it will not claim that Buyer has waived any of Seller's performance requirements under this Contract, and no such waiver shall be effective to relieve Seller from complete and punctual performance of such requirements, unless such waiver is expressly stated in writing and signed by Buyer's representative (or his/her successor) who signed the PO.
28. **DISPUTES:** Pending resolution of any dispute hereunder, Seller shall proceed diligently with the performance of work, including the delivery of goods in accordance with Buyer's direction.
29. **APPLICABLE LAW:** The validity, performance and construction of this Contract shall be governed by and construed in accordance with the laws of the state in which Buyer's facility issuing this Contract is located, excluding its choice of law rules. Jurisdiction and venue for any suit between the parties hereto arising out of or connected with this Contract, or the goods furnished hereunder shall lie only in the county and state in which such facility is located.
30. **ARBITRATION:** Any and all claims, disputes or other matters in question arising out of, or relating to, this Contract or the breach thereof shall be decided by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the "AAA Rules"). Notice of the demand for arbitration shall be filed in writing with the American Arbitration Association and served on the other party in accordance with the AAA Rules within one (1) year after final delivery under the Contract. All arbitration proceedings shall be heard and decided by one (1) arbitrator, who shall be an attorney with experience and familiarity with government contracts and government contract law, appointed in accordance with the AAA Rules. The hearing shall be closed to all persons except the arbitrator, the parties, their attorneys, and witnesses (only while testifying). The arbitrator's compensation, together with the time and manner of payment, shall be determined by the arbitrator and may be assessed against the Parties in such proportions as the arbitrator may deem fair and equitable. Any award made by the arbitrator may be enforced by entry of a judgment in any court having proper jurisdiction and in accordance with applicable law. Unless otherwise directed in writing by Buyer, Seller shall carry on the work and maintain its performance of the Contract during any arbitration proceedings. Either party to the arbitration may avail itself of discovery procedures in accordance with the then current Federal Rules of Civil Procedure. The arbitrator shall decide the questions in dispute in accordance with the law applicable under the provisions of this Contract, subject to review by the courts in accordance with Section 10(d) of the United States Arbitration Act (9 U.S.C. §10(d)). Arbitration under this paragraph shall be conducted in the AAA office in the venue specified in the Contract. Notwithstanding the above, any final decision by the Government contracting officer having cognizance over the prime contract under which this Contract is issued, and concerning any matter which would otherwise be subject to arbitration under this clause, shall be binding upon Seller if it is binding on Buyer, regardless of whether that decision is appealed, by Buyer, or as a sponsored appeal, by Seller. Arbitration under this clause shall be stayed during the pendency of any such appeal.
31. **GOVERNMENT CONTRACTS:** If this Contract is issued under a United States Government prime contract or subcontract, the mandatory flowdown clauses therein in effect on the date of this Contract, are applicable to this contract and are incorporated herein either by attachment to this document or by reference. Such terms and conditions shall be controlling over any conflicting terms and conditions set forth herein.
32. **INDEMNIFICATION:** If this Contract is issued under a Government prime contract or subcontract, Seller shall indemnify Buyer against and hold Buyer harmless from all claims, expenses, and

losses, arising out of performance of this Contract by Seller (i) when such claims, expenses, and losses result from the failure of Seller to furnish to Buyer, in accordance with the provisions of the relevant regulations, cost or pricing data, which is accurate, complete and current at the time of Seller's and Buyer's agreement to the negotiated price or at the time when Buyer requests a reaffirmation of the same, and (ii) when such claims, expenses and losses result from Seller's failure to comply with the rules, regulations, and standards of the Cost Accounting Standard Board in connection with covered contracts.

33. **COMPLIANCE WITH LAWS AND REGULATIONS:** Seller warrants that in the performance of this order Seller will comply with all applicable statutes, rules, regulations and orders of the United States, and of any State or political subdivision thereof, and agrees to indemnify Buyer against any loss, cost, damage or liability, by reason of Seller's violation of this warranty.
34. **CONFIGURATION CONTROL:** Seller shall make no change in design, manufacturing, or assembly processes or source of supply, after approval of the first production test item or after acceptance of the first completed end item, without the written approval of the Buyer. Seller agrees that any approval by Buyer of the first production test item or any acceptance by Buyer of the first completed end item shall not in any way relieve Seller from performing all requirements of this Contract, including Seller's obligations under the provisions of the "WARRANTY" paragraph of this Contract Document.
35. **FOREIGN OFFSET:** This PO, if issued to a non U.S./foreign supplier and/or if being performed by a non U.S./foreign supplier in whole or in part, has been awarded with the cognizance of General Dynamics Corporation Industrial Participation Programs. All Offset Credits resulting from this PO are the sole property of General Dynamics Corporation to be applied to the Offset Program of its choice. Seller agrees, at no cost, to assist General Dynamics Corporation in securing appropriate Offset Credits from the respective government authorities.
36. **POLLUTION PREVENTION:** The Seller is requested to provide a completed Pollution Prevention Supplier Material Identification and Use Form. This form can be found at the GDLS website: [www.gdls.com /Procurement/Procurement Home Page/Pollution Program - Supplier Material Identification and User Form](http://www.gdls.com/Procurement/Procurement%20Home%20Page/Pollution%20Program%20-%20Supplier%20Material%20Identification%20and%20User%20Form).
37. **EVIDENCE OF CITIZENSHIP OR IMMIGRANT STATUS:** Seller is required to provide information concerning citizenship or immigrant status of Seller's personnel or Seller's subcontractor personnel entering the premises of Buyer. Seller agrees to furnish this information before Seller's personnel enters onto Buyer's premises.
38. **GRATUITIES:** Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this contract or securing favorable treatment under this contract.
39. **PUBLICITY:** Without Buyer's prior written approval, Seller shall not, and Seller's subcontractors at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding this contract or the Goods, Services or program to which it pertains. Seller shall be liable to Buyer for any breach of such obligation by any subcontractor.
40. **ORDER OF PRECEDENCE:** This Contract constitutes the entire, fully integrated agreement of the parties as to the subject matter hereof. In the event of any inconsistency among the foregoing, the inconsistency shall be resolved by giving precedence in the following order: (i) the purchase order to which these terms and conditions are attached; (ii) these terms and conditions; (iii) the drawings; (iv) the specifications; and (v) the other documents incorporated by reference.